

I am unable to approve the item designated as Section 7, subsection 3, in its entirety. This item would close out the Reversion Technology Initiatives Account on June 30, 1999. The future of the Technology Initiatives Account is a decision that should be made as a part of the budgeting process during the 1999 legislative session.

I am unable to approve the item designated as Section 9, in its entirety. This item would have the legislative council initiate a progress audit concerning the implementation of century date change programming. The Year 2000 Project Office already has a contract with an outside entity to audit the state's progress in implementing century date programming, and an additional audit is unnecessary.

I am unable to approve the item designated as Section 10, in its entirety. This item relates to the privatization of the lowAccess system for providing electronic access to government records. The meaning of the term "privatization" is unclear, however there is no question the state must retain the flexibility to contract for services when it lacks a core competency and it is cost-effective to do so. Under a contracting arrangement, the activities of the contractor remain under the direction and control of the state agency.

I am unable to approve the items designated as Sections 11, 12 and 20, in their entirety. These sections create an lowAccess advisory committee and spell out its duties and responsibilities. I strongly support the creation of an advisory committee with these duties and responsibilities. However, I cannot accept such a committee when a majority of its appointed members are appointments made by the General Assembly. Instead, through Executive Order Number 66, I am directing the Director of Information Technology Services to appoint an advisory committee with membership, duties and responsibilities, similar to what is contained in this legislation.

I am unable to approve the designated portion of Section 23. This item prohibits the ICN from making any new connections to the network after June 30, 1999, unless construction has commenced before that date. This language goes beyond video connections and may preclude the ICN from providing even the most basic service to its authorized users.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 2418 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 1225

APPROPRIATIONS — ECONOMIC DEVELOPMENT

S.F. 2296

AN ACT appropriating funds to the department of economic development, certain board of regents institutions, the department of workforce development, the public employment relations board, making related statutory changes, and providing an effective date provision.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. DEPARTMENT OF ECONOMIC DEVELOPMENT. There is appropriated from the general fund of the state and other designated funds to the department of economic

development for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. ADMINISTRATIVE SERVICES DIVISION

a. General administration

For salaries, support, maintenance, miscellaneous purposes, and for providing that a business receiving moneys from the department for the purpose of job creation shall make available ten percent of the new jobs created for promise jobs program participants who are qualified for the jobs created and for not more than the following full-time equivalent positions:

.....	\$	1,494,231
.....	FTEs	25.75

One of the full-time equivalent positions authorized in this lettered paragraph relates to the transition of personnel services contractors to full-time equivalent positions. The merit system provisions of chapter 19A and the provisions of the state and union collective bargaining agreements shall not govern movement into these full-time equivalent positions until September 1, 1998. These provisions relating to the transition of personnel services contractors to full-time equivalent positions, chapter 19A, and collective bargaining agreements are void after September 1, 1998.

b. Film office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	253,632
.....	FTEs	2.00

2. BUSINESS DEVELOPMENT DIVISION

a. Business development operations

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions, for allocating \$495,000 to support activities in conjunction with the Iowa manufacturing technology center, \$150,000 to the graphic arts center, and for a strategic marketing effort for workforce development:

.....	\$	3,940,232
.....	FTEs	22.75

Four of the full-time equivalent positions authorized in this lettered paragraph relate to the transition of personnel services contractors to full-time equivalent positions. The merit system provisions of chapter 19A and the provisions of the state and union collective bargaining agreements shall not govern movement into these full-time equivalent positions until September 1, 1998. These provisions relating to the transition of personnel services contractors to full-time equivalent positions, chapter 19A, and collective bargaining agreements are void after September 1, 1998.

b. Small business programs

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for the small business program, the small business advisory council, and targeted small business program:

.....	\$	450,622
.....	FTEs	5.00

c. Federal procurement office

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	103,967
.....	FTEs	3.00

Notwithstanding section 8.33, moneys remaining unencumbered or unobligated on June 30, 1999, shall not revert and shall be available for expenditure during the fiscal year beginning July 1, 1999, for the same purposes.

d. Strategic investment fund

For deposit in the strategic investment fund for salaries, support, for not more than the following full-time equivalent positions:

.....	\$	6,803,513
.....	FTEs	12.50

Two of the full-time equivalent positions authorized in this lettered paragraph relate to the transition of personnel services contractors to full-time equivalent positions. The merit system provisions of chapter 19A and the provisions of the state and union collective bargaining agreements shall not govern movement into these full-time equivalent positions until September 1, 1998. These provisions relating to the transition of personnel services contractors to full-time equivalent positions, chapter 19A, and collective bargaining agreements are void after September 1, 1998.

The department may allocate from the strategic investment fund up to \$600,000 for the entrepreneurial ventures assistance program. The department shall seek the advice, consultation, and cooperation of the entrepreneurial centers and the major benefactor of the centers in the implementation of the entrepreneurial ventures assistance program.

The department may allocate from the strategic investment fund up to \$100,000 for the microbusiness rural enterprise assistance program under section 15.114.

The department shall provide an annual report on the progress made by the department in making the community economic betterment program a self-sustaining, revolving loan program.

e. Insurance economic development

There is appropriated from moneys collected by the division of insurance in excess of the anticipated gross revenues under section 505.7, subsection 3, to the department for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, for insurance economic development and international insurance economic development:

.....	\$	200,000
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f. Value-added agriculture

There is appropriated from the moneys available to support value-added agricultural products and processes, four percent, or so much thereof as is necessary, of the total moneys available to support value-added agricultural products and processes pursuant to section 423.24 each quarter for administration of the value-added agricultural products and processes financial assistance program as provided in section 15E.111, including salaries, support, maintenance, miscellaneous purposes, and for not more than 2.00 FTEs.

The department shall collaborate with the university of northern Iowa on a strategic initiative to develop ag-based industrial lubrication technology and to create projects to deploy the technology in commercial applications. Notwithstanding the requirements of section 15E.111 and the administrative rules for value-added agricultural products and processes, the department shall allocate \$150,000 for this initiative.

3. COMMUNITY DEVELOPMENT DIVISION

a. Community assistance

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions for administration of the community economic preparedness program, the Iowa community betterment program, and the city development board:

.....	\$	654,547
.....	FTEs	8.50

b. Main street/rural main street program

For salaries and support for not more than the following full-time equivalent positions:

.....	\$	425,219
.....	FTEs	3.00

Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund of the state that remain unexpended on June 30, 1999, shall not revert to any fund but shall be available for expenditure for purposes of the contract during the fiscal year beginning July 1, 1999.

c. Community development program

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions, for rural resource coordination, rural community leadership, rural innovations grant program, and the rural enterprise fund:

.....	\$	827,215
.....	FTEs	7.50

Three of the full-time equivalent positions authorized in this lettered paragraph relate to the transition of personnel services contractors to full-time equivalent positions. The merit system provisions of chapter 19A and the provisions of the state and union collective bargaining agreements shall not govern movement into these full-time equivalent positions until September 1, 1998. These provisions relating to the transition of personnel services contractors to full-time equivalent positions, chapter 19A, and collective bargaining agreements are void after September 1, 1998.

There is appropriated from the rural community 2000 program revolving fund established in section 15.287 to provide to Iowa's councils of governments funds for planning and technical assistance to local governments:

.....	\$	150,000
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There is appropriated from the rural community 2000 program revolving fund established in section 15.287 to the rural development program for the purposes of the program including the rural enterprise fund and collaborative skills development training:

.....	\$	484,343
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Notwithstanding section 8.33, moneys committed to grantees under contract from the general fund of the state or through transfers from the Iowa community development loan fund or from the rural community 2000 program revolving fund that remain unexpended on June 30, 1999, shall not revert but shall be available for expenditure for purposes of the contract during the fiscal year beginning July 1, 1999.

d. Community development block grant and HOME

For administration and related federal housing and urban development grant administration for salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	418,737
.....	FTEs	21.75

Three of the full-time equivalent positions authorized in this lettered paragraph relate to the transition of personnel services contractors to full-time equivalent positions. The merit system provisions of chapter 19A and the provisions of the state and union collective bargaining agreements shall not govern movement into these full-time equivalent positions until September 1, 1998. These provisions relating to the transition of personnel services contractors to full-time equivalent positions, chapter 19A, and collective bargaining agreements are void after September 1, 1998.

e. Housing development fund

For providing technical assistance to communities of all sizes and local financial institutions to help meet local housing needs and to provide and transfer matching funds for the HOME program:

.....	\$	1,300,000
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Notwithstanding section 8.33, moneys committed to grantees under contract from the housing development fund and moneys transferred for matching funds for the HOME program that remain unexpended or unobligated on June 30, 1999, shall not revert to any fund but shall be available for obligation and expenditure for purposes of those programs during the fiscal year beginning July 1, 1999.

f. Shelter assistance program

For the purposes of the shelter assistance fund:

.....	\$	400,000
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4. INTERNATIONAL DIVISION

a. International trade operations

For salaries, support, maintenance, miscellaneous purposes, for support of foreign representation and trade offices, and for not more than the following full-time equivalent positions:

.....	\$	2,010,073
.....	FTEs	10.00

From among the full-time equivalent positions authorized by this lettered paragraph, one position shall concentrate on the export sale of grain, one on the export sale of livestock, and one on the export sale of value-added agricultural products.

The department shall file a report every six months with the general assembly in a manner consistent with section 7A.11 and with the chairpersons and ranking members of the joint appropriations subcommittee on economic development which gives an update of all activities regarding trade promotion in the Chinese market.

b. Export trade assistance program

For export trade activities, including a program to encourage and increase participation in trade shows and trade missions by providing financial assistance to businesses for a percentage of their costs of participating in trade shows and trade missions, by providing for the lease/sublease of showcase space in existing world trade centers, by providing temporary office space for foreign buyers, international prospects, and potential reverse investors, and by providing other promotional and assistance activities, including salaries and support:

.....	\$	425,000
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Notwithstanding section 8.33, moneys appropriated by this lettered paragraph which remain unobligated or unexpended on June 30, 1999, shall not revert to the general fund of the state but shall be transferred to and deposited in the strategic investment fund created in section 15.313.

c. Agricultural product advisory council

For support, maintenance, and miscellaneous purposes:

.....	\$	1,300
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d. For transfer to the partner state program which the department may use to contract with private groups or organizations which are the most appropriate to administer this program and the groups and organizations participating in the program shall, to the fullest extent possible, provide the funds to match the appropriation made in this paragraph of the funds transferred:

.....	\$	125,000
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5. TOURISM DIVISION

Tourism operations/advertising

For salaries, support, maintenance, miscellaneous purposes, for not more than the following full-time equivalent positions:

.....	\$	5,038,912
.....	FTEs	18.52

**The department may expend up to \$130,000 to provide assistance to private welcome centers in the state. The department shall not provide assistance of more than \$10,000 to any one private welcome center. A private welcome center seeking assistance shall submit a competitive application to the department and may be eligible for receiving assistance if the private welcome center complies with all of the following criteria:*

- a. *The private welcome center is at risk of a projected operating deficit.*
- b. *The private welcome center complies with operational standards and requirements determined by the department.*
- c. *The private welcome center submits a financial plan for self-sufficiency to the department.**

The department shall conduct a study of the public and private welcome center system in the state. The department shall make recommendations to the general assembly for the

* Item veto; see message at end of the Act

future operation of the system including recommendations concerning funding for private welcome center operations and quality standards for public and private welcome centers.

The department shall not use the moneys appropriated in this subsection, unless the department develops public-private partnerships with Iowa businesses in the tourism industry, Iowa tour groups, Iowa tourism organizations, and political subdivisions in this state to assist in the development of advertising efforts. The department shall, to the fullest extent possible, develop cooperative efforts for advertising with contributions from other sources.

Sec. 2. COMMUNITY DEVELOPMENT LOAN FUND. Notwithstanding section 15E.120, subsections 5, 6, and 7, and section 15.287, there is appropriated from the Iowa community development loan fund all the moneys available during the fiscal year beginning July 1, 1998, and ending June 30, 1999, to the department of economic development for the community development program to be used by the department for the purposes of the program.

Sec. 3. JOB TRAINING FUND. Notwithstanding section 15.251, subsection 2, there is appropriated from the job training fund to the department of economic development for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For administration of chapter 260E, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	210,000
.....	FTEs	2.50

Appropriations to the department of economic development for administration of chapter 260E and the department of workforce development for the target alliance program shall be funded on a proportional basis if receipts to the job training fund are insufficient to fund both appropriations in their entirety.

Sec. 4. WORKFORCE DEVELOPMENT FUND. There is appropriated from the workforce development fund account created in section 15.342A, to the workforce development fund created in section 15.343, for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, for the purposes of the workforce development fund:

.....	\$	6,850,000
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Sec. 5. Of all funds appropriated to or receipts credited to the job training fund created in section 260F.6, subsection 1, up to \$175,000 for the fiscal year beginning July 1, 1998, and ending June 30, 1999, and not more than 1.50 FTEs may be used for the administration of the Iowa jobs training Act.

Sec. 6. IOWA STATE UNIVERSITY. There is appropriated from the general fund of the state to the Iowa state university of science and technology for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For funding and maintaining in their current locations the existing small business development centers, and for not more than the following full-time equivalent positions:

.....	\$	1,235,880
.....	FTEs	5.80

2. For the Iowa state university of science and technology research park, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	376,500
.....	FTEs	4.31

3. For funding the institute for physical research and technology, provided that \$318,358 shall be allocated to the industrial incentive program in accordance with the intent of the general assembly, and for not more than the following full-time equivalent positions:

.....	\$	4,379,458
.....	FTEs	46.42

It is the intent of the general assembly that the incentive program focus on Iowa industrial sectors and seek contributions and in-kind donations from businesses, industrial foundations, and trade associations and that moneys for the institute for physical research and technology industrial incentive program shall only be allocated for projects which are matched by private sector moneys for directed contract research or for nondirected research. The match required of small businesses as defined in section 15.102, subsection 4, for directed contract research or for nondirected research shall be \$1 for each \$3 of state funds. The match required for other businesses for directed contract research or for nondirected research shall be \$1 for each \$1 of state funds. The match required of industrial foundations or trade associations shall be \$1 for each \$1 of state funds.

Iowa state university of science and technology shall report annually to the joint appropriations subcommittee on economic development and legislative fiscal bureau the total amounts of private contributions, the proportion of contributions from small businesses and other businesses, and the proportion for directed contract research and nondirected research of benefit to Iowa businesses and industrial sectors.

Notwithstanding section 8.33, moneys appropriated for the fiscal year which remain unobligated and unexpended at the end of the fiscal year shall not revert but shall be available for expenditure the following fiscal year.

Sec. 7. UNIVERSITY OF IOWA. There is appropriated from the general fund of the state to the state university of Iowa for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For the university of Iowa research park, including salaries, support, maintenance, equipment, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	331,007
.....	FTEs	4.35

2. For funding the advanced drug development program at the Oakdale research park and for not more than the following full-time equivalent positions:

.....	\$	262,199
.....	FTEs	2.85

The board of regents shall submit a report on the progress of regents institutions in meeting the strategic plan for technology transfer and economic development to the chairpersons of the joint appropriations subcommittee on economic development, the joint appropriations subcommittee on education, the majority leader and minority leader of the senate, the majority and minority leaders of the house of representatives, the secretary of the senate, the chief clerk of the house of representatives, and the legislative fiscal bureau by December 1, 1998.

Sec. 8. UNIVERSITY OF NORTHERN IOWA. There is appropriated from the general fund of the state to the university of northern Iowa for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

1. For the metal casting institute, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	166,349
.....	FTEs	2.75

2. For the institute of decision making, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	688,308
.....	FTEs	8.00

Sec. 9. DEPARTMENT OF WORKFORCE DEVELOPMENT. There is appropriated from the general fund of the state, to the department of workforce development for the fiscal year

beginning July 1, 1998, and ending June 30, 1999, the following amounts, or so much thereof as is necessary, for the purposes designated:

1. DIVISION OF LABOR SERVICES

For the division of labor services, including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,902,693
.....	FTEs	93.00

From the contractor registration fees, the division of labor services shall reimburse the department of inspections and appeals for all costs associated with hearings under chapter 91C, relating to contractor registration.

2. DIVISION OF INDUSTRIAL SERVICES

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	2,390,927
.....	FTEs	34.00

The division of industrial services shall continue charging a \$65 filing fee for workers' compensation cases. The filing fee shall be paid by the petitioner of a claim. However, the fee can be taxed as a cost and paid by the losing party, except in cases where it would impose an undue hardship or be unjust under the circumstances.

3. For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent position for the workforce development state and regional boards:

.....	\$	106,929
.....	FTE	1.00

4. For salaries, support, maintenance, miscellaneous purposes for collection of labor market information, and for not more than the following full-time equivalent position:

.....	\$	65,354
.....	FTE	1.00

5. WORKFORCE DEVELOPMENT AREA

For salaries, support, maintenance, and miscellaneous purposes for the development and maintenance of a workforce sufficient in size and skill to meet the occupational demands of each workforce development area, and for workforce development programs, including those provided for in sections 84A.7, 84A.8, and 84A.9. Each region shall be required to provide an equal amount of matching funds from local sources:

.....	\$	1,480,022
.....	FTEs	4.20

The department shall expend \$923,180 on youth workforce programs. Youth conservation corps program moneys shall be allocated among the regions which have developed a youth conservation corps program.

Notwithstanding section 8.33, moneys committed to grantees under contract that remain unexpended on June 30, 1999, shall not revert to any fund but shall be available for expenditure for purposes of the contract during the fiscal year beginning July 1, 1999.

6. LABOR MANAGEMENT COORDINATOR

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent position:

.....	\$	66,851
.....	FTE	0.50

The Iowa workforce development board shall be responsible for the functions previously conducted by the state labor management cooperation council. The board, the department of workforce development, and the labor management coordinator shall cooperate to improve communications and facilitate dialogue between labor, management, and government on workforce development problems facing the state, to form in-plant labor management committees, and to provide technical assistance to establish effective labor management policies in the state.

7. WELFARE-TO-WORK MATCHING FUNDS

For matching funds for welfare-to-work grants authorized through the United States department of labor to provide additional services for the hardest to employ recipients of family investment program benefits:

..... \$ 888,633

Notwithstanding section 8.33, moneys appropriated in this subsection which remain unexpended or unobligated on June 30, 1999, shall not revert to the general fund of the state but shall remain available for expenditure for the same purpose during the fiscal year beginning July 1, 1999.

Sec. 10. JOB TRAINING FUND. Notwithstanding section 15.251, subsection 2, there is appropriated from the job training fund to the department of workforce development for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purpose designated:

For the target alliance program:

..... \$ 30,000

Sec. 11. ADMINISTRATIVE CONTRIBUTION SURCHARGE FUND. There is appropriated from the administrative contribution surcharge fund of the state to the department of workforce development for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, for the purposes designated:

Notwithstanding section 96.7, subsection 12, paragraph "c", for salaries, support, maintenance, conducting labor availability surveys, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 7,100,000
..... FTEs 125.42

Sec. 12. EMPLOYMENT SECURITY CONTINGENCY FUND. There is appropriated from the special employment security contingency fund to the department of workforce development for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amounts, or so much thereof as is necessary, for the purposes designated:

1. DIVISION OF LABOR SERVICES

For salaries, support, maintenance, and miscellaneous purposes:

..... \$ 296,000

2. DIVISION OF INDUSTRIAL SERVICES

For salaries, support, maintenance, and miscellaneous purposes:

..... \$ 175,000

Any additional penalty and interest revenue may be used to accomplish the mission of the department.

Sec. 13. PUBLIC EMPLOYMENT RELATIONS BOARD. There is appropriated from the general fund of the state to the public employment relations board for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, for the purposes designated:

For salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

..... \$ 857,844
..... FTEs 12.80

Sec. 14. WORKFORCE RECRUITMENT INITIATIVE.

1. FINDINGS. The general assembly finds that growing levels of employment coupled with historically low levels of unemployment are evidence of increasing scarcity of skilled workers. Limited access to a skilled workforce is preventing Iowa companies from increasing employment and production, and is a barrier to sustained and stable economic growth.

Further, the general assembly finds that in order to increase the size of the workforce, a partnership of private sector employers, communities and public sector organizations should

be formed to develop and implement a workforce recruitment initiative. The initiative is intended to include strategies for recruiting new workers that will meet the workforce needs of Iowa employers who are unable to fill high quality jobs.

2. ESTABLISHMENT. The general assembly finds an immediate need for the establishment of a workforce recruitment initiative with projects intended to retain and recruit new skilled and unskilled employees to fill the needs of both communities and businesses. The department of economic development and the department of workforce development shall enter into a cooperative memorandum of understanding to accomplish purposes of this initiative. The memorandum shall include, but not be limited to, provisions for the sharing and utilization of job matching databases and technology to accomplish the purposes of the initiative and for an allocation out of moneys appropriated to the department of economic development for purposes of the workforce recruitment initiative for payment of employee salaries related to the workforce recruitment initiative.

3. STATE AGENCY COOPERATION. The department of economic development and the department of workforce development shall seek and obtain the cooperation of any state agency and local economic development organization actively involved in workforce development initiatives which could provide employee recruitment and marketing assistance to accomplish the workforce recruitment initiative.

4. FTEs. For purposes of the workforce recruitment initiative, the department of workforce development shall increase the number of full-time equivalent positions authorized for the department during the fiscal year beginning July 1, 1998, by 2.00 FTEs through moneys authorized for expenditure in this Act and allocated pursuant to the cooperative memorandum of understanding entered into with the department of economic development as provided in section 2.

5. APPROPRIATION. There is appropriated from the general fund of the state to the department of economic development for the fiscal year beginning July 1, 1998, and ending June 30, 1999, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For workforce recruitment initiative purposes including technical support and maintenance of databases and an internet web site, for a joint proposal of the department of economic development and the department of workforce development relating to the workforce recruitment initiative which shall include provisions for private sector contributions, and including salaries, support, maintenance, miscellaneous purposes, and for not more than the following full-time equivalent positions:

.....	\$	300,000
.....	FTEs	3.00

Notwithstanding section 8.33, moneys appropriated in this subsection which remain unexpended or unobligated on June 30, 1999, shall not revert to the general fund of the state but shall remain available for expenditure in the fiscal year beginning July 1, 1999, for the purposes designated.

6. STRATEGIC INVESTMENT FUND ALLOCATION. There is allocated from the strategic investment fund to the department of economic development for the fiscal year beginning July 1, 1998, and ending June 30, 1999, \$150,000 to be used for the purchase of equipment, software, laptop computers, and other necessary technological equipment.

7. BUSINESS DEVELOPMENT DIVISION. The business development division of the department of economic development may expend from moneys appropriated to the department and allocated to the business development division, for business development operations, up to \$400,000 for increasing the labor availability and recruitment efforts in the state in all occupational areas and as deemed necessary.

Sec. 15. NEW SECTION. 15.361 TITLE.

This part shall be known and may be cited as the "Certified School to Career Program".

Sec. 16. NEW SECTION. 15.362 DEFINITIONS.

As used in this part, unless the context otherwise requires:

1. "Certified school to career program" or "certified program" means a sequenced and articulated secondary and postsecondary program registered as an apprenticeship program under 29 C.F.R. subtit. A, pt. 29, which is conducted pursuant to an agreement as provided in section 15.364 or a program approved by the state board of education, in conjunction with the department of economic development, as meeting the standards enumerated in section 15.363, that integrates a secondary school curriculum with private sector job training which places students in job internships, and which is designed to continue into postsecondary education and that will result in teaching new skills and adding value to the wage-earning potential of participants and increase their long-term employability in the state and which is conducted pursuant to an agreement as provided in section 15.364.

2. "Participant" means an individual between the ages of sixteen and twenty-four who is enrolled in a public or private secondary or postsecondary school and who initiated participation in a certified school to career program as part of secondary school education.

3. "Payroll expenditures" means the base wages actually paid by an employer to a participant plus the amount held in trust to be applied toward the participant's postsecondary education.

4. "Sponsor" means any person, association, committee, or organization operating a school to career program and in whose name the program is or will be registered or approved.

Sec. 17. NEW SECTION. 15.363 CERTIFICATION STANDARDS.

The state board of education, in consultation with the department of economic development, shall adopt rules pursuant to chapter 17A to guide the board and department in determining whether a potential school to career program should be approved.

A school to career program which is approved by the state board of education in conjunction with the department of economic development shall comply with all of the following standards:

1. The program is conducted pursuant to an organized, written plan embodying the terms and conditions of employment, job training, classroom instruction, and supervision of one or more participants, subscribed to by a sponsor who has undertaken to carry out the school to career program.

2. The program complies with all state and federal laws pertaining to the workplace.

3. The employer agrees to assign an employee to serve as a mentor for a participant. The mentor's occupation shall be in the same career pathway as the career interests of the participant.

4. The program involves an eligible postsecondary institution as defined in section 261C.3.

5. Other standards adopted by rule by the state board of education after consultation with the department of economic development.

Sec. 18. NEW SECTION. 15.364 CERTIFIED PROGRAM AGREEMENT.

The certified program shall be conducted pursuant to a signed written agreement between each participant and the employer which contains at least the following provisions:

1. The names and signatures of the participant and the sponsor or employer and the signature of a parent or guardian if the participant is a minor.

2. A description of the career field in which the participant is to be trained, and the beginning date and duration of the training.

3. The employer's agreement to provide paid employment, at a base wage, for the participant during the summer months after the participant's junior and senior years in high school and after the participant's first year of postsecondary education.

4. The participant and employer shall agree upon set minimum academic standards which must be maintained through the participant's secondary and postsecondary education.

5. This base wage paid to the participant shall not be less than the minimum wage prescribed by Iowa law or the federal Fair Labor Standards Act, whichever is applicable.

6. That in addition to the base wage paid to the participant, the employer shall pay an additional sum to be held in trust to be applied toward the participant's postsecondary education required for completion of the certified program. The additional amount must be not less than an amount determined by the department of economic development to be sufficient to provide payment of tuition expenses toward completion of not more than two academic years of the required postsecondary education component of the certified program at an Iowa community college or an Iowa public or private college or university. This amount shall be held in trust for the benefit of the participant pursuant to rules adopted by the department of economic development. Payment into an ERISA-approved fund for the benefit of the participant shall satisfy this requirement. The specific fund shall be specified in the agreement.

7. The participant's agreement to work for the employer for at least two years following the completion of the participant's postsecondary education required by the certified program. However, the agreement may provide for additional education and work commitments beyond the two years.

8. If the participant does not complete the two-year employment obligation, the participant's agreement to repay to the employer the amount paid by the employer toward the participant's postsecondary education expenses pursuant to subsection 6.

9. a. That if a participant does not complete the certified program contemplated by the agreement after entering a postsecondary education program, any unexpended funds being held in trust for the participant's postsecondary education shall be paid back to the employer. In addition the participant must repay to the employer amounts paid from the trust which were expended on the participant's behalf for postsecondary education.

b. That if a participant does not complete the certified program contemplated by the agreement prior to entering a postsecondary education program, one-half of the moneys being held in trust for the participant's postsecondary education shall be paid to a postsecondary education institution as defined in section 261C.3 of the participant's choice to pay tuition or expenses of the participant. The other one-half of the trust moneys shall be paid back to the employer. Any moneys to be transferred for the benefit of the participant which are not transferred within five years for purposes of education at the designated postsecondary institution, shall be paid back to the employer.

Sec. 19. NEW SECTION. 15.365 PAYROLL EXPENDITURE REFUND.

1. An employer who employs a participant in a certified school to career program may claim a refund of twenty percent of the employer's payroll expenditures for each participant in the certified program. The refund is limited to the first four hundred hours of payroll expenditures per participant for each calendar year the participant is in the certified program, not to exceed three years per participant.

2. To receive a refund under subsection 1 for a calendar year, the employer shall file the claim by July 1 of the following calendar year. The claim shall be filed on forms provided by the department of economic development and the employer shall provide such information regarding the employer's participation in a certified school to career program as the department may require. Forms should be designed such that claims for refunds for more than one participant may be made on a single form.

3. For each fiscal year of the fiscal period beginning July 1, 1999, and ending June 30, 2004, there is appropriated up to five hundred thousand dollars annually from the general fund of the state to the department of economic development to pay refunds under this section. If the amount appropriated in a fiscal year is insufficient to pay all refund claims for the calendar year in full, each claimant shall receive a proportion of the claimant's refund claim equal to the ratio of the amount appropriated to the total amount of refund claims. Any unpaid portion of a claim shall not be paid from a subsequent fiscal year appropriation.

4. The department of economic development shall consult with the department of revenue and finance for purposes of this section. The department of economic development shall adopt rules as deemed necessary to carry out the purposes of the certified school to career program.

Sec. 20. NEW SECTION. 15.366 CUSTOMER TRACKING SYSTEM.

All participants and sponsors participating in a certified school to career program shall be included in the customer tracking system implemented by the department of workforce development pursuant to section 84A.5.

Sec. 21. NEW SECTION. 15.367 REPEAL.

This part of chapter 15 is repealed June 30, 2004. However, any contracts in existence on June 30, 2004, shall continue to be valid and each party to such contract is obligated to perform as required under such contract. However, no employer is entitled to any payroll expenditure refund for payroll expenditures incurred after December 31, 2002.

Sec. 22. NEW SECTION. 15A.8 LOANS PAYABLE FROM NEW JOBS CREDIT FROM WITHHOLDING.

1. As an additional means to provide moneys for the payment of the costs of a new jobs training project or multiple projects under chapter 260E and this chapter, a community college may make an advance or loan, including an interfund transfer or a loan from moneys on hand and legally available, to be paid from the same sources and secured in the same manner as certificates described in sections 15A.7 and 260E.6.

2. Revenues from a job training agreement received prior to the completion by a business of its repayment obligation for a project and not pledged to certificates, loans, or advances, and not necessary for the payment of principal and interest maturing on such certificates, loans, or advances, may be applied by the community college to the reduction of any other outstanding certificates, loans, or advances.

Sec. 23. Section 15E.83, Code 1997, is amended to read as follows:

15E.83 SEED CAPITAL CORPORATION.

1. ~~The Iowa seed capital corporation shall be incorporated under chapter 504A. The purpose of the corporation shall be to provide seed capital to start-up and emerging growth companies in Iowa that are bringing new products and processes to the marketplace, and it shall be the goal of the corporation to financially support the establishment and growth of start-up and emerging growth companies that can contribute to the economic diversity of the state and provide general and specific economic benefits to the state. The corporation shall only provide seed capital or financial assistance to Iowa businesses. The corporation shall not be regarded as a state agency, except for purposes of chapters 17A and 69, and a member of the board is not considered a state employee, except for purposes of chapter 669. An individual employed by the corporation is a state employee for purposes of the Iowa public employees' retirement system, state health and dental plans, and other state employee benefit plans and chapter 669. Chapters 8, 18, 19A, and 20 and other provisions of law that relate to requirements or restrictions dealing with state personnel or state funds do not apply to the corporation and any employees of the board or corporation except to the extent provided in this division. Chapters 21 and 22 shall apply to activities of the corporation and to employees of the board or corporation except to the extent provided in this division.~~

2. ~~The corporation shall be governed by a board of seven directors who shall serve a term of four years. Of the seven directors, four shall be persons experienced in business finance and employed at a bank or other financial institution, be a certified public accountant, be an attorney, or be a licensed stockbroker. Each director shall serve at the pleasure of the governor and shall be appointed by the governor, subject to confirmation by the senate pursuant to section 2.32. A director is eligible for reappointment. A vacancy on the board of directors shall be filled in the same manner as an original appointment.~~

3. ~~The board of directors shall annually elect one member as chairperson and one member as secretary. The board may elect other officers of the corporation as necessary. Members shall be reimbursed for necessary expenses incurred in the performance of duties from funds appropriated to the corporation.~~

4 ~~3~~. Each director of the corporation shall take an oath of office and the record of each oath shall be filed in the office of the secretary of state.

5 ~~4~~. The corporation shall receive information and cooperate with other agencies of the state and the political subdivisions of the state.

Sec. 24. Section 15E.85, Code 1997, is amended to read as follows:
15E.85 BOARD OF DIRECTORS.

The powers of the corporation are vested in and shall be exercised by the board of directors. ~~Four members of the board constitute a quorum and an affirmative vote of at least four of the members present at a meeting is necessary before an action may be taken by the board.~~ An action taken by the board shall be authorized by resolution at a regular or special meeting and takes effect immediately unless the resolution specifies otherwise. Notice of a meeting shall be given orally or in writing not less than forty-eight hours prior to the meeting.

Sec. 25. Section 15E.87, Code 1997, is amended to read as follows:
15E.87 CORPORATE PURPOSE — POWERS.

The purpose of the corporation is to stimulate and encourage the development of new products within Iowa by the infusion of financial aid for invention and innovation in situations in which financial aid would not otherwise be reasonably available from commercial sources. For this purpose the corporation has the following powers:

1. To have perpetual succession as a corporate body and to adopt bylaws, policies, and procedures for the regulation of its affairs and conduct of its business consistent with the purposes of this division.

2. ~~To enter into venture agreements with persons doing business in Iowa upon conditions and terms which are consistent with the purposes of this division for the advancement of financial aid to the persons. The financial aid advanced shall be for the development of specific products, procedures, and techniques which are to be developed and produced in this state. The corporation shall condition the agreements upon contractual assurances that the benefits of increasing or maintaining employment and tax revenues shall remain in Iowa.~~

3. ~~To receive and accept aid or contributions from a source of money, property, labor, or other things of value to be used to carry out the purposes of this division including gifts or grants from a department or agency of the United States or any state.~~

4. ~~To issue notes and bonds as provided under this division.~~

5 ~~2~~. To hold patents, copyrights, trademarks, or other evidences of protection or exclusivity issued under the laws of this state or the United States to any products.

6 ~~3~~. To employ assistants, agents, and other employees and to engage consultants, attorneys, and appraisers as necessary or desirable to carry out the purposes of the corporation.

7 ~~4~~. To make and enter into contracts and agreements necessary or incidental to its performance of the duties and the powers granted to the corporation.

8 ~~5~~. To sue and be sued, plead, and adopt a seal.

9 ~~6~~. With the approval of the treasurer of state, to invest funds which are not needed for immediate use or disbursement, including funds held in reserve, in obligations issued or guaranteed by the state or the United States.

10 ~~7~~. To procure insurance against a loss in connection with its property and other assets.

11 ~~8~~. To the extent permitted under a corporation contract with other persons, to consent to a termination, modification, forgiveness, or other change in the terms of a contractual right, payment, royalty, contract, or agreement.

12 ~~9~~. To take necessary action to render bonds issued under this division more marketable.

Sec. 26. Section 422.16A, Code Supplement 1997, is amended to read as follows:

422.16A JOB TRAINING WITHHOLDING — CERTIFICATION AND TRANSFER.

Upon the completion by a business of its repayment obligation for a training project funded under chapter 260E, including a job training project funded under ~~chapter 260E and section 15A.8~~ or repaid in whole or in part by the supplemental new jobs credit from withholding under section 15A.7 or section 15.331, the sponsoring community college shall report to the department of economic development the amount of withholding paid by the business to the community college during the final twelve months of withholding payments. The department of economic development shall notify the department of revenue and finance of that amount. The department shall credit to the workforce development fund account established in section 15.342A twenty-five percent of that amount each quarter for a period of ten years. If the amount of withholding from the business or employer is insufficient, the department shall prorate the quarterly amount credited to the workforce development fund account. The maximum amount from all employers which shall be transferred to the workforce development fund account in any year is ten million dollars.

Sec. 27. LIQUIDATION OF THE IOWA SEED CAPITAL CORPORATION. Notwithstanding sections 15E.81 through 15E.94, sections 15E.181 through 15E.184, and 1997 Iowa Acts, chapter 143, sections 5 and 6, it is the intent of the general assembly that the Iowa seed capital corporation shall be liquidated or sold in an orderly manner. On May 31, 1998, the terms of the board members of the Iowa seed capital corporation shall terminate, the Iowa seed capital corporation shall be renamed the ISCC liquidation corporation, and a three-person board shall be constituted to complete the orderly liquidation or sale of the assets of the ISCC liquidation corporation. The ISCC liquidation corporation board shall consist of the commissioner of insurance or the commissioner's designee, the superintendent of banking or the superintendent's designee, and the treasurer of state or the treasurer's designee. The members of the ISCC liquidation corporation board and any staff providing assistance to the board shall not be liable for their acts or omissions in connection with the liquidation or sale of the corporation. The ISCC liquidation corporation board shall close the corporation offices at 200 East Grand, Des Moines, Iowa, by June 30, 1998, terminate the officers and staff of the corporation by June 30, 1998, and shall not hire a new permanent or temporary staff to operate this corporation.

The staff of the treasurer of state shall provide administrative support to the ISCC liquidation corporation board and the corporation shall reimburse the treasurer of state for the reasonable costs of providing administrative support. The attorney general shall be consulted and shall provide legal support throughout the liquidation and sale process and the corporation shall reimburse the attorney general for the reasonable costs of providing any such consultation and legal support.

The ISCC liquidation corporation board's goals in supervising the liquidation or sale of the corporation are to maximize the net revenue to the state and minimize the impact to the companies involved. The board shall not make any new investments during the liquidation period, except for those necessary to protect and maintain its current holdings.

The ISCC liquidation corporation board is authorized to contract for the services, including brokers, other financial advisors or consultants, or legal advisors, necessary to complete the orderly liquidation or sale of the ISCC liquidation corporation.

The ISCC liquidation corporation board may determine the potential administrative, legal, and contractual service costs for the liquidation or sale of the corporation and may maintain a prudent reserve fund from liquid assets of the corporation for such purposes. Upon the unanimous vote of the ISCC liquidation corporation board the remainder of the liquid assets shall be transferred to the strategic investment fund established in section 15.313.

Following the complete liquidation and dissolution of the corporation or the sale of the corporation, all remaining moneys shall be transferred to the strategic investment fund. Upon transfer of the remaining moneys to the strategic investment fund, the ISCC liquidation corporation board shall be dissolved.

Sec. 28. SHELTER ASSISTANCE FUND. In providing moneys from the shelter assistance fund to homeless shelter programs, the department of economic development shall explore the potential of allocating moneys to homeless shelter programs based in part on their ability to move their clients toward self-sufficiency.

Sec. 29. The department of economic development and the department of workforce development shall within the budget proposals for the fiscal year beginning July 1, 2000, detail the number of FTEs and contract employees included in the budget proposal. During the budget process for the fiscal year beginning July 1, 2000, the joint economic development appropriation subcommittee shall examine contract employees in relationship to the budgets of the department of economic development and the department of workforce development.

Sec. 30. The department of economic development shall submit a report to the general assembly as provided in section 7A.11 by January 1, 1999, which includes all of the following:

1. A survey of all business, industry, and agriculture-related international trade activities in this state. The survey shall include the types of businesses and the products involved in international trade and the estimated costs and revenues resulting from such trade.

2. A list of specific targets and targeted opportunities for business, industry, and agriculture related to international trade activities in this state. These targets shall include the types of businesses and the products that are currently involved in international trade, as well as the types of businesses and the products that could potentially become involved in international trade in the future.

Sec. 31. BUDGET PROPOSALS. The department of economic development and the department of workforce development shall submit all budget proposals in the traditional format as well as in the budgeting for results format for the fiscal year beginning July 1, 1999.

Sec. 32. By December 31 of each year, the ISCC liquidation corporation shall submit an annual report to the chairpersons and the ranking members of the joint appropriations subcommittee on economic development. The report shall include an update on the financial condition of the corporation relating to the status of any moneys, assets, or contracts currently being held by the corporation or transferred by the corporation during the prior year.

Sec. 33. NEW SECTION. 16.5A NONPROFIT CORPORATIONS.

Any nonprofit corporation created by or in association with the Iowa finance authority since January 1, 1989, shall file a report by January 15 of each year with the chairpersons and ranking members of the appropriate appropriations subcommittees of the general assembly. Any nonprofit corporation created by or in association with the authority since January 1, 1989, shall adopt a written conflict of interests policy.

Sec. 34. NEW SECTION. 16.5B HOUSING CORPORATION BOARD.

The board of directors of the Iowa housing corporation shall consist of seven voting members serving staggered three-year terms. One member of the board of directors shall be a representative of the home builders association of Iowa and one member of the board of directors shall be a representative of the Iowa bankers association.

Sec. 35. FEDERAL GRANTS. All federal grants to and the federal receipts of agencies appropriated funds under this Act, not otherwise appropriated, are appropriated for the purposes set forth in the federal grants or receipts unless otherwise provided by the general assembly.

Sec. 36. The Iowa finance authority and the Iowa housing corporation shall consider restrictions on any per diem provided to a member of the board of directors serving both the

authority and the Iowa housing corporation on occasions when meetings of both entities are held on the same day and in the same city or metropolitan area.

Sec. 37. Notwithstanding section 96.9, subsection 4, paragraph "a", moneys credited to the state by the secretary of the treasury of the United States pursuant to section 903 of the Social Security Act shall be appropriated to the department of workforce development and shall be used by the department for the administration of the unemployment compensation program only. This appropriation shall not apply to any fiscal year after June 30, 2001.

Sec. 38. Notwithstanding any full-time equivalent position limitations in this Act to the contrary, the department of economic development may add 3.00 FTEs for the commission on volunteer services and 1.00 FTE for the housing assistance program. Two of the full-time equivalent positions added under this section for the commission on volunteer services relate to the transition of personnel services contractors to full-time equivalent positions. The merit system provisions of chapter 19A and the provisions of the state and union collective bargaining agreements shall not govern movement into these full-time positions until September 1, 1998. The provisions relating to the transition of personnel services contractors to full-time equivalent positions, chapter 19A, and collective bargaining agreements are void after September 1, 1998.

Sec. 39. Section 15E.86, Code 1997, is repealed.

Sec. 40. EFFECTIVE DATE. Sections 14, 15, 16, 17, 18, 19, 20, 21, and 27 of this Act, being deemed of immediate importance, take effect upon enactment.

Approved May 22, 1998, except the items which I hereby disapprove and which are designated as that portion of Section 1, subsection 5, which is herein bracketed in ink and initialed by me; and Section 31, in its entirety. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

Dear Mr. Secretary:

I hereby transmit Senate File 2296, an Act appropriating funds to the Department of Economic Development, certain Board of Regents institutions, the Department of Workforce Development, the Public Employment Relations Board, making related statutory changes, and providing an effective date provision.

Senate File 2296 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the designated portion of Section 1, subsection 5, unnumbered paragraph 1. The state has assisted 16 local communities to support tourism development in their areas by providing financial assistance to build welcome center facilities. These public/private partnerships were designed to assist local communities with the one-time costs of establishing a center. This item would put the state in a position of providing ongoing support for the day to day activities of privately operated welcome centers. Such action, without the authority to implement changes that would lead to self-sufficiency, is short sighted. I am supporting the study of the public and private welcome center system in the state as required in this section because I strongly support the development of the tourism industry in the State of Iowa. I am hopeful that recommendations from this study will strengthen the state welcome center system and provide the direction necessary to put all privately owned welcome centers on the course to self-sufficiency.

I am unable to approve the item designated as Section 31, in its entirety. Requiring departments to submit budget requests in multiple formats is costly and time consuming. Chapter 8 of the Code of Iowa establishes the framework for construction of the budget document that is submitted to the legislature.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in Senate File 2296 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*

CHAPTER 1226
HIGHEST ELEVATION IN STATE
H.J.R. 2004

A JOINT RESOLUTION designating by name an official highest elevation in the State of Iowa.

WHEREAS, the elevation located in Osceola County, commonly referred to as Ocheyedan Mound, and previously regarded as the unofficial highest elevation in the state has been determined not to be the highest elevation in the state; and

WHEREAS, supplemental vertical control surveys conducted by the United States Department of the Interior have determined that the actual highest elevation in the state is 1,670 feet above sea level, and is located in Osceola County approximately five miles north of the town of Sibley in Section 29, Township 100 North, Range 41 West, Fifth Principal Meridian, Iowa, as designated by the Public Land Survey System; and

WHEREAS, the State of Iowa is regarded as one of only four states in the nation which has not designated by name an official highest elevation in the state according to the publication, "Highpoints of the United States, A Guide to the Fifty State Summits", by Don W. Holmes; and

WHEREAS, the State of Iowa has traditionally been referred to as the Hawkeye State, predating any similar designation applied by the University of Iowa to certain athletic teams; and

WHEREAS, the designation by name of an official highest elevation in the state would be of educational value to the schoolchildren and citizens of the State of Iowa, create additional tourism potential, be of historical significance, promote consistency with officially designated state symbols, provide a readily understandable alternate designation to the Public Land Survey System description, and constitute a source of state pride; NOW THEREFORE,

Be It Enacted by the General Assembly of the State of Iowa:

The site located in Osceola County in Section 29, Township 100 North, Range 41 West, is recognized and shall be designated the official highest elevation in the State of Iowa.

The official highest elevation in the State of Iowa shall hereafter be designated and referred to as Hawkeye Point.

Any official state publications referencing the highest elevation in the state, or describing other state symbols or features, are encouraged to refer to the highest elevation by the official name of Hawkeye Point.

Approved March 23, 1998